

**Bridgeport-Spaulding Community School District**

**Bridgeport, Michigan**

**Annual Financial Statements  
and  
Auditors' Report**

**June 30, 2007**

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**Bridgeport-Spaulling Community School District**  
**Members of the Board of Education and Administration**  
**June 30, 2007**

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Members of the Board of Education

Michelle L. Ziemer – President

Darrell L. Thayer – Vice-President

Martha A. Sageman – Treasurer

RaeAnn Cronk – Secretary

Micheal A. Tate – Trustee

Marvin L. Morris – Trustee

Richard J. Pope – Trustee

Administration

Desmon R. Daniel – Superintendent

Melissa L. Cabine – Director of Business and Support Services



3023 Davenport  
Saginaw, MI 48602  
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## Independent Auditors' Report

To the Board of Education  
Bridgeport-Spaulding Community School District  
Bridgeport, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Bridgeport-Spaulding Community School District as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bridgeport-Spaulding Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport-Spaulding Community School District as of June 30, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 28, 2007, on our consideration of the Bridgeport-Spaulding Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bridgeport-Spaulding Community School District's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
August 28, 2007

## ADMINISTRATION'S DISCUSSION AND ANALYSIS

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Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Bridgeport-Spaulding Schools Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

**Fund Financial Statements:**

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: School Service (Special Revenue), Debt Service, Capital Projects and various trust and agency accounts.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

**District Wide Financial Statements:**

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with restricted net assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.





Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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**Summary of Net Assets:**

The following summarizes the net assets at June 30, 2006 and 2007.

**Net Assets Summary**

	<u>2006</u>	<u>2007</u>
<b>Assets</b>		
Current assets	\$ 7,790,414	\$ 8,341,060
Capital assets	37,761,227	37,781,894
Less: Accumulated depreciation	<u>17,353,467</u>	<u>18,228,368</u>
Capital assets, net book value	<u>20,407,760</u>	<u>19,553,526</u>
<b>Total assets</b>	<u>28,198,174</u>	<u>27,894,586</u>
<b>Liabilities</b>		
Current liabilities	6,252,874	7,110,635
Long-term liabilities	<u>11,534,427</u>	<u>10,040,639</u>
<b>Total liabilities</b>	<u>17,787,301</u>	<u>17,151,274</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	8,923,333	8,795,907
Restricted for debt service	403,065	422,878
Unrestricted	<u>1,084,475</u>	<u>1,524,527</u>
<b>Total net assets</b>	<u>\$ 10,410,873</u>	<u>\$ 10,743,312</u>



Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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**Analysis of Financial Position:**

During fiscal year ended June 30, 2007, the District's net assets increased by \$332,439. A few of the significant factors affecting net assets during the year are discussed below:

**A. General Fund Operations**

The District revenues from General Fund operations exceeded expenditures by \$467,771 for the fiscal year ended June 30, 2007. See the section entitled Results of Operations, below for further discussion of General Fund operations.

**B. Debt, Principal Payments**

The District made principal payments on bonded, long-term debt obligations that reduced the amount of the districts long-term liabilities as follows:

	Principal		
	Principal Balance	Payments	Principal Balance
	June 30 2006	June 30 2007	June 30 2007
1998 Energy Conservation Improvement Bonds	\$ 545,000	\$ 165,000	\$ 380,000
Durant Bonds	279,854	0	279,854
2002 School Improvement Bonds	<u>10,650,000</u>	<u>600,000</u>	<u>10,050,000</u>
Total long-term bond obligations	\$ 11,474,854	\$ 765,000	\$ 10,709,854



Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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**C. Net Capital Assets**

The district's net capital assets decreased by \$854,234 during the fiscal year. This can be summarized as follows:

	<b>Balance</b>			
	<b>June 30 2006</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30 2007</b>
Capital Assets	\$ 37,761,227	\$ 69,900	\$ 49,233	\$ 37,781,894
Less: accumulated depreciation	<u>17,353,467</u>	<u>904,442</u>	<u>29,541</u>	<u>18,228,368</u>
Net capital assets	\$ 20,407,760	\$ 8 34,542	\$ 19,692	\$ 19,553,526



Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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**Results of Operations:**

For the fiscal years ended June 30, 2006 and 2007, the District wide results of operations were:

	<u>2006</u>	<u>2007</u>
<b>Revenues</b>		
General Revenues	\$ 16,276,867	\$ 16,033,307
<b>Program revenues</b>		
Operating Grants and Contributions	4,473,908	4,433,548
Capital Grants and Contributions	50,509	0
Charges for Services	248,787	266,946
<b>Total Revenues</b>	<u>21,050,071</u>	<u>20,733,801</u>
<b>Expenses</b>		
Instruction	12,113,390	11,275,607
Support services	7,502,725	7,351,762
Food service	949,937	897,292
Interest on long-term debt	589,211	328,512
Other	319,147	548,189
<b>Total Expenses</b>	<u>21,474,410</u>	<u>20,401,362</u>
<b>Increase- (Decrease) Net Assets</b>	(424,339)	332,439
<b>Beginning Net Assets</b>	<u>10,835,212</u>	<u>10,410,873</u>
<b>Ending Net Assets</b>	<u>\$ 10,410,873</u>	<u>\$ 10,743,312</u>



Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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**1. State of Michigan Unrestricted Aid (Net State Foundation Grant)**

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment – Blended at 75 percent of current year's September count and 25 percent of prior year's February count
- c. The District's non-homestead levy

**Per Student, Foundation Allowance:**

Annually, the State of Michigan establishes the per student foundation allowance. The Bridgeport-Spaulding Community School District foundation allowance was \$7,444 per student for the 2006-2007 school year.

**Student Enrollment:**

The District's student enrollment blended count for 2006-2007 was 2042 students. The blended count for 2006-2007 is 25% of the February 2005 and 75% of September 2006. The District's enrollment decreased from the prior school year's student count. The following summarizes fall student enrollments in the past five years:

	<b>Student FTE</b>	<b>FTE Change from Prior Year</b>
2006-2007	2,045	(100)
2005-2006	2,145	(45)
2004-2005	2,187	(119)
2003-2004	2,306	(93)
2002-2003	2,399	(6)

Subsequent to year-end June 30, 2007 preliminary student enrollments for 2006–2007 indicate that enrollments may decline by about 96 students from 2006-2007.



Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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**2. Property Taxes levied for General Operations (General Fund Non-Homestead Taxes)**

The District levies mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property revenue for the 2006-2007 fiscal year was \$1,499,366. The non-homestead tax levy increased by 1.52% percent over the prior year.

The following summarizes the District's non-homestead levy the past five years:

<b>Fiscal Year</b>	<b>Non-Homestead Tax Levy</b>	<b>% Increase from Prior Year</b>
2006-2007	1,499,366	1.52
2005-2006	1,476,933	4.21
2004-2005	1,417,318	4.23
2003-2004	1,359,799	(0.98)
2002-2003	1,382,548	4.13

Average Increase Last 5 Years – 2.62%



Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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### **3. General Fund Activity**

The District revenues from General Fund operations exceeded expenditures by \$467,771 for the fiscal year ended June 30, 2007.

Because of all the uncertainties in our economy and at the state level, the school district was very prudent in cost containment for 2006-07. Based on all the information we received we anticipated that the state would cut our funding by \$210 per student (2,042 students for 2006-07) which would cost the district approximately \$429,000. However, the state chose not to cut our funding for 2006-07 and we were able to realize savings as a result of the following:

1. Investment income of over \$100,000
2. Increase in At-Risk and Declining Enrollment funding of approximately \$187,000
3. Decrease in utility and energy cost of over \$90,000
4. Cost containments in salaries and benefits
5. Retirement credit of \$33,000

These are just some of reasons Bridgeport-Spaulding Schools was able to increase its fund balance for 2006-07.

### **4. Debt Fund Property and Industrial Facility In Lieu of Taxes**

The District's debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead. In addition, the District collects IFT (Industrial Facilities Taxes) In Lieu of Taxes that are essentially taxed at 50 percent of the regular tax rate.

For 2006-2007 the District's debt millage levy was 4.38 that generated revenues of \$1,131,395.

### **5. Food Sales to Students and Adults (School Lunch Program)**

The District's food and milk sales to students and adults increased by approximately \$11,064 to \$894,807 from the prior school year. Neither school lunch or milk prices were increased during the year.

The total expenditures from Food Service operations exceeded total revenues for the year by \$39,235 in the food services fund.



Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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**Original vs. Final Budget:**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Bridgeport-Spaulding Community School District amends its budget during the school year. For fiscal year June 30, 2007 the budget was amended in May 2007. The June 2007 budget amendment was the final budget for the fiscal year.

**Change from Original to Final Budget**

**General Fund Revenues:**

Total Revenues Original Budget	\$ 18,168,921
Total Revenues Final Budget	18,457,194
Increase in Budgeted Revenues	288,273
Percent Increase	1.57%

The final revenue budget reflects the following changes from the original budget:

- Increase in additional State Sources-Math/Science Grant, Declining Enrollment Funds
- Increase in Medicaid payment
- Increase in At Risk funding
- Increase in investment income due to increase in rates

**General Fund Expenditures:**

Total Expenditures Original Budget	\$ 18,163,930
Total Expenditures Final Budget	18,642,537
Increase in Budgeted Expenditures	478,607
Percent Increase	2.64%





Bridgeport-Spaulding Community School District  
Administration's Discussion and Analysis  
For Fiscal Year Ended June 30, 2007

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Some of the significant expenditure activity for the year includes:

- Increase in retirement rate 1.40%
- Increase in teaching staff at the elementary and secondary levels
- Additional increase in MESSA Health Insurance costs of approximately 6% for Pak A
- Increase in unemployment compensation
- Increase in transportation costs by 3.50%
- Increase in tuition reimbursement for teaching staff
- Additional increase in salaries of 1% for USW, teachers, and Non-unit employees

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances and to show the School District's accountability for the funds it receives. If you have questions about this report or need additional information, contact the Business Office, Bridgeport-Spaulding Community School District.

## BASIC FINANCIAL STATEMENTS

**Bridgeport-Spaulding Community School District**  
**Statement of Net Assets**  
**June 30, 2007**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 513,912
Taxes receivable	18,777
Accounts receivable	121,528
Due from other governmental units	2,928,189
Interest receivable	11,680
Inventory	65,992
Investments	4,659,336
Prepaid items	21,646
Capital assets not being depreciated	70,000
Capital assets - net of accumulated depreciation	<u>19,483,526</u>
Total assets	<u>27,894,586</u>
<b>Liabilities</b>	
Accounts payable	250,758
State aid anticipation note payable	4,000,000
Payroll deductions and withholdings	311,141
Accrued expenditures	443,677
Accrued salaries payable	1,199,097
Deferred revenue	46,982
Noncurrent liabilities	
Due within one year	858,980
Due in more than one year	<u>10,040,639</u>
Total liabilities	<u>17,151,274</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	8,795,907
Restricted for:	
Debt service	422,878
Unrestricted	<u>1,524,527</u>
<b>Total net assets</b>	<u>\$ 10,743,312</u>

See Accompanying Notes to Financial Statements

**Bridgeport-Spaulling Community School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2007**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>					
Governmental activities					
Instruction	\$ 11,275,607	\$ -	\$ 3,264,078	\$ -	\$ (8,011,529)
Supporting services	7,351,762	41,285	439,478	-	(6,870,999)
Food services	897,292	153,557	729,992	-	(13,743)
Athletic activities	328,512	72,104	-	-	(256,408)
Interest on long-term debt	548,189	-	-	-	(548,189)
<b>Total governmental activities</b>	<b>\$ 20,401,362</b>	<b>\$ 266,946</b>	<b>\$ 4,433,548</b>	<b>\$ -</b>	<b>(15,700,868)</b>
General revenues					
Property taxes, levied for general purposes					1,499,366
Property taxes, levied for debt service					1,134,024
State aid - unrestricted					13,139,633
Interest and investment earnings					185,056
Other					75,228
Total general revenues					16,033,307
Change in net assets					332,439
Net assets - beginning					10,410,873
<b>Net assets - ending</b>					<b>\$ 10,743,312</b>

See Accompanying Notes to Financial Statements

**Bridgeport-Spaulding Community School District**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2007**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 84,747	\$ 429,165	\$ 513,912
Taxes receivable	15,324	3,453	18,777
Due from other funds	174,171	7,272	181,443
Due from other governmental units	2,913,477	14,712	2,928,189
Interest receivable	11,680	-	11,680
Inventory	52,070	13,922	65,992
Investments	4,534,336	125,000	4,659,336
Prepaid items	21,646	-	21,646
<b>Total assets</b>	<b>\$ 7,807,451</b>	<b>\$ 593,524</b>	<b>\$ 8,400,975</b>
<b>Liabilities and fund balance</b>			
Liabilities			
Accounts payable	\$ 250,758	\$ -	\$ 250,758
State aid anticipation note payable	4,000,000	-	4,000,000
Due to other funds	7,272	52,643	59,915
Payroll deductions and withholdings	311,141	-	311,141
Accrued expenditures	304,327	-	304,327
Accrued salaries payable	1,199,097	-	1,199,097
Deferred revenue	46,982	-	46,982
<b>Total liabilities</b>	<b>6,119,577</b>	<b>52,643</b>	<b>6,172,220</b>
Fund balance			
Reserved for inventory	52,070	13,922	65,992
Reserved for prepaid items	21,646	-	21,646
Reserved for debt service	-	422,878	422,878
Other undesignated	1,614,158	104,081	1,718,239
<b>Total fund balance</b>	<b>1,687,874</b>	<b>540,881</b>	<b>2,228,755</b>
<b>Total liabilities and fund balance</b>	<b>\$ 7,807,451</b>	<b>\$ 593,524</b>	<b>\$ 8,400,975</b>

See Accompanying Notes to Financial Statements

**Bridgeport-Spaulding Community School District**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**June 30, 2007**

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<b>Total fund balances for governmental funds</b>	<b>\$ 2,228,755</b>
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	70,000
Capital assets - net of accumulated depreciation	19,483,526
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(133,508)
Claims and judgments	(5,842)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(142,000)
Bonds payable	(10,709,854)
Capital lease payable	<u>(47,765)</u>
<b>Net assets of governmental activities</b>	<b><u>\$10,743,312</u></b>

**Bridgeport-Spaulling Community School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2007**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Local sources	\$ 1,734,932	\$ 1,398,837	\$ 3,133,769
State sources	15,035,314	97,129	15,132,443
Federal sources	1,458,496	632,863	2,091,359
Interdistrict sources	376,230	-	376,230
	<u>18,604,972</u>	<u>2,128,829</u>	<u>20,733,801</u>
Total revenues			
<b>Expenditures</b>			
Current			
Education			
Instruction	10,406,046	-	10,406,046
Supporting services	6,945,158	27,691	6,972,849
Food services	-	855,572	855,572
Athletic activities	-	313,238	313,238
Intergovernmental payments	326,079	-	326,079
Capital outlay	89,201	-	89,201
Debt service			
Principal	-	765,000	765,000
Interest and other expenditures	-	551,198	551,198
	<u>17,766,484</u>	<u>2,512,699</u>	<u>20,279,183</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>838,488</u>	<u>(383,870)</u>	<u>454,618</u>

See Accompanying Notes to Financial Statements

**Bridgeport-Spaulding Community School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2007**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses)</b>			
Proceeds from capital lease	\$ 69,900	\$ -	\$ 69,900
Transfers in	-	442,617	442,617
Transfers out	<u>(442,617)</u>	<u>-</u>	<u>(442,617)</u>
Total other financing sources (uses)	<u>(372,717)</u>	<u>442,617</u>	<u>69,900</u>
Net change in fund balance	465,771	58,747	524,518
Fund balance - beginning	<u>1,222,103</u>	<u>482,134</u>	<u>1,704,237</u>
<b>Fund balance - ending</b>	<u><u>\$ 1,687,874</u></u>	<u><u>\$ 540,881</u></u>	<u><u>\$ 2,228,755</u></u>

See Accompanying Notes to Financial Statements



**Bridgeport-Spaulling Community School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2007**

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<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 524,518</b>
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Total change in net assets reported for governmental activities in the statement of activities  
is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(904,442)
Capital outlay	69,900
Sale of capital assets	(19,692)

Expenses are recorded when incurred in the statement of activities.

Interest	3,009
Claims and judgments	24,338
Compensated absences	(92,000)

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Proceeds of capital lease	(69,900)
Repayments of capital lease	31,708
Repayments of long-term debt	<u>765,000</u>

<b>Change in net assets of governmental activities</b>	<b><u>\$ 332,439</u></b>
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**Bridgeport-Spaulding Community School District**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2007**

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	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash	\$ 77,698	\$ 202,373
Interest receivable	633	-
Investments	<u>75,626</u>	<u>-</u>
Total assets	<u>153,957</u>	<u>\$ 202,373</u>
<b>Liabilities</b>		
Due to other funds	-	\$ 121,528
Due to agency fund activities	<u>-</u>	<u>80,845</u>
Total liabilities	<u>-</u>	<u>\$ 202,373</u>
<b>Net assets</b>		
Reserved for endowments	62,544	
Reserved for scholarships and loans	<u>91,413</u>	
<b>Total net assets</b>	<u>\$ 153,957</u>	

See Accompanying Notes to Financial Statements

**Bridgeport-Spaulling Community School District**  
**Fiduciary Funds**  
**Private Purpose Trust Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2007**

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	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Local sources	\$ 29,817
Interest and investment earnings	<u>5,755</u>
Total additions	<u>35,572</u>
<b>Deductions</b>	
Scholarships	27,394
Revolving activities	<u>2,027</u>
Total deductions	<u>29,421</u>
Change in net assets	6,151
Net assets - beginning	<u>147,806</u>
<b>Net assets - ending</b>	<u><u>\$ 153,957</u></u>

See Accompanying Notes to Financial Statements

**Bridgeport-Spaulling Community School District**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Bridgeport-Spaulling Community School District (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as

**Bridgeport-Spaulling Community School District**  
**Notes to Financial Statements**  
**June 30, 2007**

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under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

*General Fund* – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Additionally, the School District reports the following fund types:

*Special Revenue Funds* – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Bookstore, Food Service and Athletic Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

*Debt Service Funds* – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

*Fiduciary Funds* – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the

trust may be spent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

**Assets, Liabilities and Equity**

*Receivables and Payables* – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivables are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2007, the rates are as follows per \$1,000 of assessed value.

General Fund	
Homestead	0.0000
Nonhomestead	17.6167
Debt Service Funds	
Homestead	4.3800
Nonhomestead	4.3800

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. The School District's entire tax roll lies within the Townships of Bridgeport and Spaulling.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real

**Bridgeport-Spaulling Community School District**  
**Notes to Financial Statements**  
**June 30, 2007**

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property taxes uncollected as of March 1 are purchased by the County of Saginaw and remitted to the School District by May 15.

**Investments** – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

**Inventories** – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

**Compensated Absences** – Sick days are earned by employees at a prorated rate at 12 to 15 days per year. A maximum of 60 to 125 sick days may be accumulated by an employee. Terminating employees who meet certain service requirements are paid for accumulated sick days to a maximum number of days at a rate determined by their job category.

Vacation days are earned by various employee groups at various rates.

**Long-term Obligations** – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data**

Comparative data is not included in the School District's financial statements.

**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Upcoming Accounting and Reporting Change**

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for school districts in recognizing the cost of retiree health care. The new rules will cause district-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

The Government Accounting Standards Board has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement addresses how to account for pollution

**Bridgeport-Spaulling Community School District**  
**Notes to Financial Statements**  
**June 30, 2007**

remediation activities of the effects of existing pollution; it does not include prevention or control activities or remediation required upon the retirement of an asset. In general, the new rules will cause district-wide financial statements to recognize a liability on the current value of expected costs as estimated using the expected cash flows method. This statement is effective for the year ending June 30, 2009.

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Capital outlay	\$ 19,400	\$ 89,201	\$ 69,801

The overage is related to revenues and expenditures related to a capital lease for copiers of \$69,900.

**Note 3 - Deposits and Investments**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 513,912	\$ 280,071	\$ 793,983
Investments	4,659,336	75,626	4,734,962
	<u>\$ 5,173,248</u>	<u>\$ 355,697</u>	<u>\$ 5,528,945</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 1,800,024
Investments in securities, mutual funds, and similar vehicles	3,728,010
Petty cash and cash on hand	911
Total	<u>\$ 5,528,945</u>

**Bridgeport-Spaulling Community School District**  
**Notes to Financial Statements**  
**June 30, 2007**

As of year end, the District had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund - MAX	<u>\$ 3,728,010</u>	6 months average	AAA	Standard and Poor's

*Interest rate risk* – In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 6 months.

*Credit risk* – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

*Concentration of credit risk* – The District has no policy that would limit the amount that may be invested with any one issuer.

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$ 1,706,830 of the District's bank balance of \$ 1,984,426 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments* – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or

collateral securities that are in the possession of an outside party. Consistent with the District's investment policy, the District's investments in the Michigan Liquid Investment Fund of \$3,728,010 are held by a counterparty and not insured.

#### Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Capital assets being depreciated				
Buildings and additions	36,892,326	-	-	36,892,326
Equipment and furniture	136,542	69,900	49,233	157,209
Buses and other vehicles	662,359	-	-	662,359
Total capital assets being depreciated	<u>37,691,227</u>	<u>69,900</u>	<u>49,233</u>	<u>37,711,894</u>
Less accumulated depreciation for				
Buildings and additions	16,846,668	821,953	-	17,668,621
Equipment and furniture	56,386	72,580	29,541	99,425
Buses and other vehicles	450,413	9,909	-	460,322
Total accumulated depreciation	<u>17,353,467</u>	<u>904,442</u>	<u>29,541</u>	<u>18,228,368</u>
Net capital assets being depreciated	<u>20,337,760</u>	<u>(834,542)</u>	<u>19,692</u>	<u>19,483,526</u>
Net capital assets	<u>\$ 20,407,760</u>	<u>\$ (834,542)</u>	<u>\$ 19,692</u>	<u>\$ 19,553,526</u>

Depreciation expense was charged to activities of the School District as follows:

<b>Governmental activities</b>	
Instruction	\$ 507,431
Support services	340,017
Food services	41,720
Athletic activities	<u>15,274</u>
Total governmental activities	<u>\$ 904,442</u>



**Bridgeport-Spaulling Community School District**  
**Notes to Financial Statements**  
**June 30, 2007**

The Kaufmann School building was idle at year end. The carrying value of the building at year end was \$146,200.

**Note 5 - Interfund Receivable and Payable and Transfers**

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
General	Bookstore	\$ 2,995
General	Athletics	2,503
General	Food Service	47,145
General	Agency	121,528
Food Service	General	<u>7,272</u>
		<u>\$ 181,443</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	<u>Transfers Out</u>
	<u>General Fund</u>
<b>Transfers in</b>	
Other governmental funds	<u>\$ 442,617</u>

Transfers from the General Fund to other governmental funds were made to cover the costs of School District programs that were in excess of revenues generated from those activities.

**Note 6 - Leases**

**Capital Leases**

The District leases 8 copy machines under a capital lease. The leases are for 3 years at \$1,165 a month. The future minimum lease payments are as follows:

<b>Year ending June 30,</b>	
2008	\$ 13,980
2009	13,980
2010	13,980
2011	<u>5,825</u>
Total minimum lease payments	<u>\$ 47,765</u>

The assets acquired through capital leases are as follows:

<b>Assets</b>	
Machinery and equipment	\$ 69,900
Less accumulated depreciation	<u>22,135</u>
Total	<u>\$ 47,765</u>

**Note 7 - State Aid Anticipation Note**

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30<sup>th</sup>.

Short-term debt activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>

**Bridgeport-Spaulling Community School District**  
**Notes to Financial Statements**  
**June 30, 2007**

**Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 10,650,000	\$ -	\$ 600,000	\$ 10,050,000	\$ 660,000
Other bonds	824,854	-	165,000	659,854	185,000
Capital lease	9,573	69,900	31,708	47,765	13,980
Compensated absences	50,000	92,000	-	142,000	-
<b>Total</b>	<b>\$ 11,534,427</b>	<b>\$ 161,900</b>	<b>\$ 796,708</b>	<b>\$ 10,899,619</b>	<b>\$ 858,980</b>

General obligation bonds payable at year end, consists of the following:

\$12,575,000 serial bond due in annual installments of \$660,000 to \$1,430,000 through May 1, 2017, interest at 4.125% to 5.5%	<u>\$ 10,050,000</u>
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Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 660,000	\$ 495,650	\$ 1,155,650
2009	725,000	468,426	1,193,426
2010	790,000	437,612	1,227,612
2011	855,000	403,050	1,258,050
2012	930,000	364,576	1,294,576
2013-2017	6,090,000	1,021,228	7,111,228
<b>Total</b>	<b>\$ 10,050,000</b>	<b>\$ 3,190,542</b>	<b>\$ 13,240,542</b>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$ 422,878 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

\$473,955 Durant Refunding serial bonds due in annual installments through 5/15/2013; interest 4.76% due annually	\$ 279,854
\$1,325,000 energy conservation bonds due in annual installments of \$185,000 to \$195,000 through May 1, 2009, interest at 5.7%	<u>380,000</u>
<b>Total</b>	<b><u>\$ 659,854</u></b>

The Durant bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements for the Durant bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 26,377	\$ 6,906	\$ 33,283
2010	27,632	5,650	33,282
2011	28,948	4,334	33,282
2012	165,129	58,491	223,620
2013	31,768	1,513	33,281
<b>Total</b>	<b><u>\$ 279,854</u></b>	<b><u>\$ 76,894</u></b>	<b><u>\$ 356,748</u></b>

**Bridgeport-Spaulling Community School District**  
**Notes to Financial Statements**  
**June 30, 2007**

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Future principal and interest requirements for the Energy Conservation Improvement Bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Year Ending June 30,</b>			
2008	\$ 185,000	\$ 21,660	\$ 206,660
2009	<u>195,000</u>	<u>11,116</u>	<u>206,116</u>
Total	<u>\$ 380,000</u>	<u>\$ 32,776</u>	<u>\$ 412,776</u>

Future principal and interest payments for the Energy Conservation Improvement Bonds are expected to be paid for by the General Fund.

Interest expenditures for the fiscal year in the Debt Service Funds were \$ 551,198 .

#### **Compensated Absences**

Accrued compensated absences at year end, consists of \$115,000 of vacation hours earned and vested and \$27,000 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

#### **Note 8 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees.

The School District has purchased commercial insurance for errors and omissions and malpractice. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District participates in a public entity risk pool through the School Employers Group. With the exception of unemployment,

errors and omissions, and malpractice this program provides substantially all the insurance needs of the School District. The possibility of additional liabilities in excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had \$124,038 unemployment compensation expense for the year. A provision has been made for possible future claims of \$5,842.

#### **Note 9 - Defined Benefit Pension Plan**

##### **Plan Description**

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111.

**Bridgeport-Spaulling Community School District**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Funding Policy**

The School is required by State statute to contribute to MPSERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPSERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPSERS funding for the three-year period beginning July 1, 2004 through June 30, 2007.

	2007	2006	2005
Funding percentage range	16.34-17.74%	14.87-16.34%	12.99-14.87%
Total payroll	\$10516947	\$11090245	\$11815482
Total covered payroll	10,314,560	10,870,036	11,536,051
School contributions	1,794,052	1,736,622	1,667,957
Employee MIP contributions	318,255	334,820	354,149
Tax deferred payment program	86,157	86,441	113,917
Portion of school contribution covering health, dental and vision benefits	37%	40%	44%

**Trend Information**

Ten-year historical trend information is presented in the September 30, 2006, PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2005, the latest date for which information is available, approximates \$ 48.2 billion and \$ 38.2 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPSERS was less than 1% for the year ended September 30, 2006.

**Post Employment Benefits**

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPSERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2006, statewide expenditures of \$ 694 million were recognized for post-retirement health care, dental and vision. This represented approximately 20% of the total expenditures of the Michigan Public School Employees Retirement System.

**Note 10 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2007.

The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**Note 11 - Subsequent Events**

Subsequent to year end, the School District entered into an agreement to sell the Kaufmann School Building. The School District received \$130,616 for the sale of the vacant building and property.

## REQUIRED SUPPLEMENTAL INFORMATION

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**Bridgeport-Spaulling Community School District**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>			<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Local sources	\$ 1,614,934	\$ 1,747,534	\$ 1,734,932	\$ (12,602)
State sources	14,547,796	14,778,418	15,035,314	256,896
Federal sources	1,686,576	1,541,432	1,458,496	(82,936)
Interdistrict sources	<u>294,615</u>	<u>369,810</u>	<u>376,230</u>	<u>6,420</u>
Total revenues	<u>18,143,921</u>	<u>18,437,194</u>	<u>18,604,972</u>	<u>167,778</u>
<b>Expenditures</b>				
Instruction				
Basic programs	6,692,344	6,901,145	6,853,688	(47,457)
Added needs	2,981,126	2,925,135	2,795,068	(130,067)
Adult and continuing education	584,636	765,421	757,290	(8,131)
Supporting services				
Pupil	1,109,545	1,097,792	1,058,912	(38,880)
Instructional staff	554,465	466,167	438,081	(28,086)
General administration	353,214	357,764	344,577	(13,187)
School administration	1,310,971	1,298,781	1,256,669	(42,112)
Business	766,073	906,298	870,016	(36,282)
Operations and maintenance	1,982,285	1,965,085	1,853,828	(111,257)
Pupil transportation services	787,669	814,739	778,462	(36,277)
Central	258,544	346,272	344,613	(1,659)
Intergovernmental payments	305,000	331,120	326,079	(5,041)
Capital outlay	<u>5,500</u>	<u>19,400</u>	<u>89,201</u>	<u>69,801</u>
Total expenditures	<u>17,691,372</u>	<u>18,195,119</u>	<u>17,766,484</u>	<u>(428,635)</u>
Excess of revenues over expenditures	<u>452,549</u>	<u>242,075</u>	<u>838,488</u>	<u>596,413</u>

**Bridgeport-Spaulling Community School District**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other financing sources (uses)</b>				
Capital lease	\$ -	\$ -	\$ 69,900	\$ 69,900
Proceeds from sale of capital assets	25,000	20,000	-	(20,000)
Transfers out	<u>(472,558)</u>	<u>(447,418)</u>	<u>(442,617)</u>	<u>4,801</u>
Total other financing sources (uses)	<u>(447,558)</u>	<u>(427,418)</u>	<u>(372,717)</u>	<u>54,701</u>
Net change in fund balance	4,991	(185,343)	465,771	651,114
Fund balance - beginning	<u>1,222,103</u>	<u>1,222,103</u>	<u>1,222,103</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,227,094</u>	<u>\$ 1,036,760</u>	<u>\$ 1,687,874</u>	<u>\$ 651,114</u>

## OTHER SUPPLEMENTAL INFORMATION

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**Bridgeport-Spaulling Community School District**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2007**

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Bookstore</u>	<u>Food Service</u>	<u>Athletics</u>		
<b>Assets</b>					
Cash	\$ 3,574	\$ 3,663	\$ 2,503	\$ 419,425	\$ 429,165
Taxes receivable	-	-	-	3,453	3,453
Due from other funds	-	7,272	-	-	7,272
Due from other governmental units	-	14,712	-	-	14,712
Inventory	-	13,922	-	-	13,922
Investments	-	125,000	-	-	125,000
	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
<b>Total assets</b>	<u>\$ 3,574</u>	<u>\$ 164,569</u>	<u>\$ 2,503</u>	<u>\$ 422,878</u>	<u>\$ 593,524</u>
<b>Liabilities and fund balance</b>					
Liabilities					
Due to other funds	\$ 2,995	\$ 47,145	\$ 2,503	\$ -	\$ 52,643
	<u>2,995</u>	<u>47,145</u>	<u>2,503</u>	<u>-</u>	<u>52,643</u>
Fund balance					
Reserved for inventory	-	13,922	-	-	13,922
Undesignated	579	103,502	-	422,878	526,959
	<u>579</u>	<u>103,502</u>	<u>-</u>	<u>422,878</u>	<u>526,959</u>
Total fund balance	<u>579</u>	<u>117,424</u>	<u>-</u>	<u>422,878</u>	<u>540,881</u>
<b>Total liabilities and fund balance</b>	<u>\$ 3,574</u>	<u>\$ 164,569</u>	<u>\$ 2,503</u>	<u>\$ 422,878</u>	<u>\$ 593,524</u>

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2007**

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Bookstore</u>	<u>Food Service</u>	<u>Athletics</u>		
<b>Revenues</b>					
Local sources	\$ 20,320	\$ 159,396	\$ 72,104	\$ 1,147,017	\$ 1,398,837
State sources	-	97,129	-	-	97,129
Federal sources	-	632,863	-	-	632,863
Total revenues	<u>20,320</u>	<u>889,388</u>	<u>72,104</u>	<u>1,147,017</u>	<u>2,128,829</u>
<b>Expenditures</b>					
Current					
Education					
Supporting services	20,620	-	-	7,071	27,691
Food services	-	855,572	-	-	855,572
Athletic activities	-	-	313,238	-	313,238
Debt service					
Principal	-	-	-	765,000	765,000
Interest and other expenditures	-	-	-	551,198	551,198
Total expenditures	<u>20,620</u>	<u>855,572</u>	<u>313,238</u>	<u>1,323,269</u>	<u>2,512,699</u>
Excess (deficiency) of revenues over expenditures	<u>(300)</u>	<u>33,816</u>	<u>(241,134)</u>	<u>(176,252)</u>	<u>(383,870)</u>
<b>Other financing sources</b>					
Transfers in	-	5,418	241,134	196,065	442,617
Net change in fund balance	(300)	39,234	-	19,813	58,747
Fund balance - beginning	<u>879</u>	<u>78,190</u>	<u>-</u>	<u>403,065</u>	<u>482,134</u>
<b>Fund balance - ending</b>	<u>\$ 579</u>	<u>\$ 117,424</u>	<u>\$ -</u>	<u>\$ 422,878</u>	<u>\$ 540,881</u>

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2007**

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Cash	\$ 84,747	\$ 319,972
Taxes receivable	15,324	7,866
Accounts receivable	-	36,160
Due from other funds	174,171	190,555
Due from other governmental units	2,913,477	3,188,435
Interest receivable	11,680	6,338
Inventory	52,070	64,553
Investments	4,534,336	3,641,387
Prepaid items	21,646	-
<b>Total assets</b>	<u><u>\$ 7,807,451</u></u>	<u><u>\$ 7,455,266</u></u>
<b>Liabilities and fund balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 250,758	\$ 238,291
State aid anticipation note payable	4,000,000	4,000,000
Due to other funds	7,272	147,342
Payroll deductions and withholdings	311,141	365,820
Accrued expenditures	304,327	283,641
Accrued salaries payable	1,199,097	1,198,069
Deferred revenue	46,982	-
<b>Total liabilities</b>	<u><u>6,119,577</u></u>	<u><u>6,233,163</u></u>
<b>Fund balance</b>		
Reserved for inventory	52,070	64,553
Reserved for prepaid items	21,646	-
Undesignated	1,614,158	1,157,550
<b>Total fund balance</b>	<u><u>1,687,874</u></u>	<u><u>1,222,103</u></u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 7,807,451</u></u>	<u><u>\$ 7,455,266</u></u>

**Bridgeport-Spaulling Community School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Revenues Compared to Budget**  
**For the Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Revenue from local sources</b>				
Property tax levy	\$ 1,477,704	\$ 1,494,204	\$ 1,499,366	\$ 5,162
Tuition	100	100	-	(100)
Earnings on investments	50,000	180,000	166,224	(13,776)
Other local revenues	<u>87,130</u>	<u>73,230</u>	<u>69,342</u>	<u>(3,888)</u>
Total revenues from local sources	<u>1,614,934</u>	<u>1,747,534</u>	<u>1,734,932</u>	<u>(12,602)</u>
<b>Revenues from state sources</b>				
Grants - unrestricted	12,966,818	12,842,772	13,139,633	296,861
Grants - restricted	<u>1,580,978</u>	<u>1,935,646</u>	<u>1,895,681</u>	<u>(39,965)</u>
Total revenues from state sources	<u>14,547,796</u>	<u>14,778,418</u>	<u>15,035,314</u>	<u>256,896</u>
<b>Revenues from federal sources</b>				
Grants	<u>1,686,576</u>	<u>1,541,432</u>	<u>1,458,496</u>	<u>(82,936)</u>
<b>Interdistrict sources</b>				
Transportation	2,000	500	737	237
ISD collected millage	37,290	42,770	42,770	-
Other	<u>255,325</u>	<u>326,540</u>	<u>332,723</u>	<u>6,183</u>
Total interdistrict sources	<u>294,615</u>	<u>369,810</u>	<u>376,230</u>	<u>6,420</u>
<b>Other financing sources</b>				
Capital lease	-	-	69,900	69,900
Proceeds from sale of capital assets	<u>25,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Total other financing sources	<u>25,000</u>	<u>20,000</u>	<u>69,900</u>	<u>49,900</u>
<b>Total revenue and other financing sources</b>	<u>\$18,168,921</u>	<u>\$18,457,194</u>	<u>\$18,674,872</u>	<u>\$ 217,678</u>

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**General Fund**

**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Basic program - elementary</b>				
Salaries	\$ 2,221,085	\$ 2,364,500	\$ 2,364,544	\$ 44
Employee benefits	1,136,280	1,208,984	1,211,472	2,488
Purchased services	5,109	1,800	1,406	(394)
Supplies and materials	37,000	31,911	30,637	(1,274)
Total elementary	3,399,474	3,607,195	3,608,059	864
<b>Basic program - middle school</b>				
Salaries	951,960	962,630	953,410	(9,220)
Employee benefits	474,045	505,940	500,898	(5,042)
Purchased services	575	400	225	(175)
Supplies and materials	8,000	34,348	8,485	(25,863)
Total middle school	1,434,580	1,503,318	1,463,018	(40,300)
<b>Basic program - high school</b>				
Salaries	1,024,015	1,003,015	999,350	(3,665)
Employee benefits	567,952	531,552	527,288	(4,264)
Purchased services	400	200	56	(144)
Supplies and materials	17,000	24,865	25,794	929
Other	100	-	-	-
Total high school	1,609,467	1,559,632	1,552,488	(7,144)
<b>Basic program - pre-school</b>				
Salaries	148,780	146,160	145,719	(441)
Employee benefits	92,732	81,376	80,692	(684)
Purchased services	3,979	1,663	1,886	223
Supplies and materials	2,312	1,771	1,796	25
Other	1,020	30	30	-
Total pre-school	248,823	231,000	230,123	(877)

**Bridgeport-Spaulling Community School District**  
**Other Supplemental Information**  
**General Fund**

**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Added needs - special education</b>				
Salaries	\$ 1,261,067	\$ 1,231,957	\$ 1,205,535	\$ (26,422)
Employee benefits	707,186	720,243	672,625	(47,618)
Supplies and materials	5,536	2,021	1,755	(266)
Total special education	1,973,789	1,954,221	1,879,915	(74,306)
<b>Added needs - compensatory education</b>				
Salaries	349,950	340,819	326,093	(14,726)
Employee benefits	177,222	171,174	155,332	(15,842)
Purchased services	99,400	116,556	105,303	(11,253)
Supplies and materials	17,600	15,100	16,952	1,852
Total compensatory education	644,172	643,649	603,680	(39,969)
<b>Added needs - career and technical education</b>				
Salaries	220,969	196,169	193,993	(2,176)
Employee benefits	128,731	119,681	108,494	(11,187)
Purchased services	3,415	1,315	539	(776)
Supplies and materials	10,050	10,100	8,447	(1,653)
Total career and technical education	363,165	327,265	311,473	(15,792)
<b>Adult and continuing education - secondary</b>				
Salaries	388,029	501,889	502,185	296
Employee benefits	193,275	260,400	253,699	(6,701)
Purchased services	407	207	-	(207)
Supplies and materials	2,925	2,925	1,406	(1,519)
Total secondary	584,636	765,421	757,290	(8,131)

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**General Fund**

**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Pupil - guidance services</b>				
Salaries	\$ 207,630	\$ 59,330	\$ 60,845	\$ 1,515
Employee benefits	105,250	76,000	68,084	(7,916)
Purchased services	5,000	39,200	36,650	(2,550)
Supplies and materials	200	121,800	117,958	(3,842)
Total guidance services	318,080	296,330	283,537	(12,793)
<b>Pupil - psychological services</b>				
Salaries	66,355	68,102	68,281	179
Employee benefits	32,380	32,380	32,357	(23)
Purchased services	8,700	8,400	8,094	(306)
Supplies and materials	750	2,750	499	(2,251)
Total psychological services	108,185	111,632	109,231	(2,401)
<b>Pupil - speech services</b>				
Salaries	178,332	178,332	178,333	1
Employee benefits	80,544	80,544	77,166	(3,378)
Purchased services	700	700	683	(17)
Supplies and materials	1,850	1,850	1,518	(332)
Total speech services	261,426	261,426	257,700	(3,726)
<b>Pupil - social work services</b>				
Salaries	139,088	139,088	139,087	(1)
Employee benefits	66,935	66,935	64,011	(2,924)
Purchased services	400	400	226	(174)
Supplies and materials	320	320	179	(141)
Total social work services	206,743	206,743	203,503	(3,240)

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**General Fund**

**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Pupil - teacher consultant</b>				
Salaries	\$ 68,283	\$ 68,983	\$ 68,792	\$ (191)
Employee benefits	32,326	35,326	31,400	(3,926)
Purchased services	500	100	-	(100)
	<u>101,109</u>	<u>104,409</u>	<u>100,192</u>	<u>(4,217)</u>
<b>Pupil - other support services</b>				
Salaries	84,650	91,700	83,247	(8,453)
Employee benefits	29,352	25,552	21,502	(4,050)
	<u>114,002</u>	<u>117,252</u>	<u>104,749</u>	<u>(12,503)</u>
<b>Instructional staff - improvement of education</b>				
Salaries	167,016	122,520	112,739	(9,781)
Employee benefits	71,411	53,708	48,204	(5,504)
Purchased services	64,525	30,830	27,137	(3,693)
Supplies and materials	35,715	48,384	46,589	(1,795)
	<u>338,667</u>	<u>255,442</u>	<u>234,669</u>	<u>(20,773)</u>
<b>Instructional staff - educational media services</b>				
Salaries	77,375	76,375	75,891	(484)
Employee benefits	40,360	39,860	38,565	(1,295)
Purchased services	13,000	13,000	9,589	(3,411)
Supplies and materials	8,723	4,400	4,403	3
	<u>139,458</u>	<u>133,635</u>	<u>128,448</u>	<u>(5,187)</u>



**Bridgeport-Spaulling Community School District**  
**Other Supplemental Information**  
**General Fund**

**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Instructional staff - supervision and direction of instructional staff</b>				
Salaries	\$ 43,340	\$ 44,240	\$ 44,170	\$ (70)
Employee benefits	29,300	29,300	28,490	(810)
Purchased services	2,200	2,050	1,033	(1,017)
Supplies and materials	<u>1,500</u>	<u>1,500</u>	<u>1,271</u>	<u>(229)</u>
Total supervision and direction of instructional staff	<u>76,340</u>	<u>77,090</u>	<u>74,964</u>	<u>(2,126)</u>
<b>General administration - board of education</b>				
Salaries	5,000	5,000	4,020	(980)
Employee benefits	2,000	2,000	-	(2,000)
Purchased services	76,600	80,600	85,473	4,873
Supplies and materials	4,900	1,900	689	(1,211)
Other	<u>15,500</u>	<u>15,500</u>	<u>10,781</u>	<u>(4,719)</u>
Total board of education	<u>104,000</u>	<u>105,000</u>	<u>100,963</u>	<u>(4,037)</u>
<b>General administration - executive administration</b>				
Salaries	150,595	154,645	153,849	(796)
Employee benefits	80,719	80,719	75,461	(5,258)
Purchased services	8,600	8,600	6,478	(2,122)
Supplies and materials	2,800	2,800	2,792	(8)
Other	<u>6,500</u>	<u>6,000</u>	<u>5,034</u>	<u>(966)</u>
Total executive administration	<u>249,214</u>	<u>252,764</u>	<u>243,614</u>	<u>(9,150)</u>

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**General Fund**

**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>School administration - office of the principal</b>				
Salaries	\$ 787,613	\$ 714,643	\$ 702,760	\$ (11,883)
Employee benefits	410,485	410,385	384,820	(25,565)
Purchased services	25,870	37,260	37,913	653
Supplies and materials	7,950	8,035	7,996	(39)
Other	4,430	89,835	89,523	(312)
Total office of the principal	1,236,348	1,260,158	1,223,012	(37,146)
<b>School administration - other</b>				
Salaries	63,775	24,775	23,304	(1,471)
Employee benefits	10,848	13,848	10,353	(3,495)
Total other school administration	74,623	38,623	33,657	(4,966)
<b>Business - fiscal services</b>				
Salaries	182,152	192,502	184,282	(8,220)
Employee benefits	101,700	102,875	95,081	(7,794)
Purchased services	4,450	4,450	3,720	(730)
Supplies and materials	4,500	3,500	3,302	(198)
Other	1,300	1,300	1,187	(113)
Total fiscal services	294,102	304,627	287,572	(17,055)
<b>Business - internal services</b>				
Salaries	60,100	60,600	55,738	(4,862)
Employee benefits	42,529	38,529	33,829	(4,700)
Purchased services	44,900	41,800	30,885	(10,915)
Supplies and materials	30,700	31,700	36,194	4,494
Other	(40,000)	(40,000)	(25,141)	14,859
Total internal services	138,229	132,629	131,505	(1,124)

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**General Fund**

**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Business - other</b>				
Employee benefits	\$ 49,642	\$ 154,642	\$ 145,339	\$ (9,303)
Purchased services	80,000	73,300	71,338	(1,962)
Other	204,100	241,100	234,262	(6,838)
Total other business	333,742	469,042	450,939	(18,103)
<b>Operations and maintenance - operating building services</b>				
Salaries	666,435	590,035	594,745	4,710
Employee benefits	415,260	407,810	400,440	(7,370)
Purchased services	205,010	268,110	246,895	(21,215)
Supplies and materials	694,930	698,980	611,750	(87,230)
Other	650	150	(2)	(152)
Total operating building services	1,982,285	1,965,085	1,853,828	(111,257)
<b>Pupil transportation services</b>				
Salaries	423,800	468,900	460,227	(8,673)
Employee benefits	167,019	171,839	168,807	(3,032)
Purchased services	31,200	26,750	20,684	(6,066)
Supplies and materials	164,950	146,550	126,889	(19,661)
Other	700	700	1,855	1,155
Total transportation services	787,669	814,739	778,462	(36,277)
<b>Central - staff/personnel services</b>				
Salaries	46,700	46,600	47,484	884
Employee benefits	50,200	64,200	63,025	(1,175)
Purchased services	30,250	30,350	29,696	(654)
Supplies and materials	1,800	1,200	557	(643)
Other	3,000	700	478	(222)
Total staff/personnel services	131,950	143,050	141,240	(1,810)

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**General Fund**

**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Central - support services technology</b>				
Salaries	\$ 70,000	\$ 67,200	\$ 65,736	\$ (1,464)
Employee benefits	36,594	33,394	32,216	(1,178)
Purchased services	7,000	4,000	3,108	(892)
Supplies and materials	8,000	14,000	14,941	941
Other	5,000	6,650	5,436	(1,214)
Total support services technology	126,594	125,244	121,437	(3,807)
<b>Central - other</b>				
Other	-	77,978	81,936	3,958
<b>Intergovernmental payments</b>				
Payments to other public schools	305,000	331,120	326,079	(5,041)
<b>Capital outlay</b>				
Added needs - career and technical education	5,500	4,500	3,868	(632)
Operations and maintenance - operating building services	-	700	581	(119)
Central - support services technology	-	14,200	84,752	70,552
Total capital outlay	5,500	19,400	89,201	69,801
<b>Other financing uses</b>				
Transfers out	472,558	447,418	442,617	(4,801)
<b>Total expenditures and other financing uses</b>	<u>\$18,163,930</u>	<u>\$18,642,537</u>	<u>\$18,209,101</u>	<u>\$ (433,436)</u>

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2007**

Date of issue: 1998  
Original amount of issue: \$ 1,325,000  
Purpose of issue: Energy conservation improvements

Interest Rate	Year	Annual Maturity May 1st	Semi-annual Interest Payments		Total Fiscal Year Requirements
			November 1st	May 1st	
5.70%	2008	\$ 185,000	\$ 10,830	\$ 10,830	\$ 206,660
5.70%	2009	<u>195,000</u>	<u>5,558</u>	<u>5,558</u>	<u>206,116</u>
		<u>\$ 380,000</u>	<u>\$ 16,388</u>	<u>\$ 16,388</u>	<u>\$ 412,776</u>

Date of issue: 1999  
Original amount of issue: \$ 473,955  
Durant

Interest Rate	Year	Annual Maturity May 15th	Interest Payments May 15th	Total Fiscal Year Requirements
4.76%	2009	\$ 26,377	\$ 6,906	\$ 33,283
4.76%	2010	27,632	5,650	33,282
4.76%	2011	28,948	4,334	33,282
4.76%	2012	165,129	58,492	223,621
4.76%	2013	<u>31,768</u>	<u>1,512</u>	<u>33,280</u>
		<u>\$ 279,854</u>	<u>\$ 76,894</u>	<u>\$ 356,748</u>

**Bridgeport-Spaulding Community School District**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2007**

Date of issue: 2002

Original amount of issue: \$ 12,575,000

Purpose of issue: Building and Site

Interest Rate	Year	Annual Maturity May 1st	Semi-annual Interest Payments		Total Fiscal Year Requirements
			November 1st	May 1st	
4.125%	2008	\$ 660,000	\$ 247,825	\$ 247,825	\$ 1,155,650
4.250%	2009	725,000	234,213	234,213	1,193,426
4.375%	2010	790,000	218,806	218,806	1,227,612
4.500%	2011	855,000	201,525	201,525	1,258,050
4.500%	2012	930,000	182,288	182,288	1,294,576
5.000%	2013	1,015,000	161,363	161,363	1,337,726
5.500%	2014	1,110,000	135,988	135,988	1,381,976
5.500%	2015	1,215,000	105,463	105,463	1,425,926
5.500%	2016	1,320,000	72,050	72,050	1,464,100
5.000%	2017	1,430,000	35,750	35,750	1,501,500
		<u>\$ 10,050,000</u>	<u>\$ 1,595,271</u>	<u>\$ 1,595,271</u>	<u>\$ 13,240,542</u>



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August 28, 2007

To the Board of Education  
Bridgeport-Spaulding Community School District  
Bridgeport, Michigan

In planning and performing our audit of the basic financial statements of the Bridgeport-Spaulding Community School District for the year ended June 30, 2007, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

Comments from the prior year have been resolved as follows:

#### **Time and Effort Reporting for Federal Programs**

Office of Management and Budget Circular A-87 requires when an employee is co-funded that written schedules be prepared at least monthly, be signed, and dated by the employee and account for the person's total activity to substantiate the amount charged to the federal program. In the prior year written schedules were not prepared for co-funded employees charged to Title I. In the current year management has implemented schedules to track the time spent on federal programs.

#### **Vendor Files**

During the prior audit we noted that the vendor list was not complete. Many vendors did not have an address on file. In addition, there were multiple vendors with duplicate addresses on file. The vendor files were cleaned up in the current year.

#### **Electronic Fund Transfers**

Pubic Act 738 of requires automated clearing house (ACH) transactions be reported to the Board of Education, similar to checks written. In the prior year electronic fund transfers were not being reported to the board. A list of electronic fund transfers is now being provided to the Board on a monthly basis for approval.

This report is intended solely for the use of management and should not be used for any other purpose.

We appreciate the opportunity to serve the Bridgeport-Spaulding Community School District and would like to thank Melissa Cabine and the entire District staff for their assistance during our engagement. Should you have any questions, please feel free to contact our office.

Very truly yours,

YEO & YEO, P.C.  
CPAs and Business Consultants

A handwritten signature in cursive script that reads 'Mari McKenzie'.

Mari McKenzie

**Bridgeport-Spaulding Community School District**

**Bridgeport, Michigan**

**Single Audit Report**

**June 30, 2007**



## **C O N T E N T S**

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**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Members of the Board of Education  
Bridgeport-Spaulding Community School District  
Bridgeport, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport-Spaulding Community School District as of and for the year ended June 30, 2007, which collectively comprise Bridgeport-Spaulding Community School District's basic financial statements and have issued our report thereon dated August 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Bridgeport-Spaulding Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bridgeport-Spaulding Community School Districts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bridgeport-Spaulding Community School Districts' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridgeport-Spaulding Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
August 28, 2007

**Report on Compliance With Requirements Applicable to Each  
Major Program and on Internal Control Over Compliance  
in Accordance with OMB Circular A-133**

Members of the Board of Education  
Bridgeport-Spaulling Community School District  
Bridgeport, Michigan

Compliance

We have audited the compliance of Bridgeport-Spaulling Community School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Bridgeport-Spaulling Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bridgeport-Spaulling Community School District's management. Our responsibility is to express an opinion on Bridgeport-Spaulling Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bridgeport-Spaulling Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bridgeport-Spaulling Community School District's compliance with those requirements.

In our opinion, Bridgeport-Spaulling Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major programs for the year ended June 30, 2007.

Internal Control over Compliance

The management of Bridgeport-Spaulling Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bridgeport-Spaulling Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport-Spaulding Community School District as of and for the year ended June 30, 2007, and have issued our report thereon dated August 28, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Bridgeport-Spaulding Community School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
August 28, 2007

**Bridgeport-Spaulling Community School District**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2007**

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2006	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue June 30, 2007
U.S. Department of Agriculture									
Nutrition Cluster									
Passed through Michigan Department of Education									
61970 National School Breakfast		10.553	\$ 205,476	\$ 2,278	\$ 184,134	\$ 21,342	\$ 23,620	\$ -	\$ -
71970 National School Breakfast			184,561	-	-	184,561	178,653	-	5,908
				2,278		205,903	202,273	-	5,908
National School Lunch									
61950 Sec. 4 - Total Servings		10.555	53,264	356	46,941	6,323	6,679	-	-
71950 Sec. 4 - Total Servings			48,310	-	-	48,310	47,144	-	1,166
61960 Sec. 11 - Free and Reduced			339,885	2,153	302,036	37,849	40,002	-	-
71960 Sec. 11 - Free and Reduced			306,354	-	-	306,354	298,716	-	7,638
061980 Snacks			519	-	-	519	519	-	-
071980 Snacks			3,030	-	-	3,030	3,030	-	-
				2,509		402,385	396,090	-	8,804
Total Nutrition Cluster				4,787		608,288	598,363	-	14,712
Passed through Michigan Department of Education									
Food Distribution									
Entitlement		10.550	24,525	-	-	24,525	24,525	-	-
Bonus			50	-	-	50	50	-	-
				-		24,575	24,575	-	-
Total Department of Agriculture				4,787		632,863	622,938	-	14,712
U.S. Department of Education									
Passed through Michigan Department of Education									
0615300506 Title I		84.010	798,930	140,413	798,930	-	140,413	-	-
0715300607 Title I			679,090	-	-	617,325	478,640	-	138,685
				140,413		617,325	619,053	-	138,685

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Bridgeport-Spaulling Community School District**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2007**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2006	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue June 30, 2007
U.S. Department of Education								
Passed through Michigan Department of Education								
0618900506 Migrant	84.011	\$ 38,678	\$ 6,499	\$ 38,678	\$ -	\$ 6,499	\$ -	\$ -
0718900607 Migrant		47,804	-	-	45,846	35,624	-	10,222
			6,499		45,846	42,123	-	10,222
Special Education Cluster								
Passed through Michigan Department of Education								
060440 Handicapped preschool and school prog	84.027	4,055	175	4,055	-	175	-	-
Passed through Saginaw Intermediate School District								
060450 0506 IDEA Flow through	84.027	377,746	157,215	377,746	-	157,215	-	-
070450 0507 IDEA Flow through		377,743	-	-	368,758	235,925	-	132,833
			157,215		368,758	393,140	-	132,833
060460 0506 Preschool Incentive	84.027	19,826	7,518	19,826	-	7,518	-	-
070460 0607 Preschool Incentive		19,827	-	-	19,827	12,820	-	7,007
			7,518		19,827	20,338	-	7,007
Total special education cluster			164,908		388,585	413,653	-	139,840
Passed through Saginaw Intermediate School District								
061340 190 Early On	84.181	3,600	3,600	3,600	-	3,600	-	-
Special Education Cluster								
Passed through Saginaw Intermediate School District								
052860 0506 Safe and drug free schools	84.186	16,429	16,429	16,429	-	16,429	-	-
072860 0607 Safe and drug free schools		22,551	-	-	6,122	-	-	6,122
			16,429		6,122	16,429	-	6,122
Passed through Delta College								
701408 Tech Prep	84.243A	3,602	-	-	3,602	-	-	3,602

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Bridgeport-Spaulling Community School District**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2007**

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2006	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue June 30, 2007
U.S. Department of Education									
Passed through Michigan Department of Education									
06211021STO3039 21st Century Community Learnin	84.287	\$	170,000	\$ 26,310	\$ 170,000	\$ -	\$ 26,310	\$ -	\$ -
07211021STO3039 21st Century Community Learning			170,000	-	-	170,000	153,308	-	16,692
				26,310		170,000	179,618	-	16,692
Passed through Michigan Department of Education									
0702500607 Title VI Innovative Education Program	84.298		4,700	-	-	4,700	4,700	-	-
Passed through Michigan Department of Education									
0742900607 Technology Literacy Challenge	84.318		6,971	-	-	6,971	6,660	-	311
Passed through Michigan Department of Education									
0605200506 Improving Teacher Quality	84.367		224,303	37,150	224,303	-	37,150	-	-
0705200607 Improving Teacher Quality			222,583	-	-	200,963	177,424	-	23,539
				37,150		200,963	214,574	-	23,539
Passed through Saginaw Valley State University									
050290-407 Improving Teacher Quality	84.367B		10,587	2,269	3,800	-	2,269	-	-
050290-305 Improving Math Teacher Quality			10,816	36	1,813	-	36	-	-
				2,305		-	2,305	-	-
Passed through Michigan Department of Education									
064120 1 Hurricane Katrina Relief	84.938		756	552	552	204	756	-	-
Total Department of Education				398,166		1,444,318	1,503,471	-	339,013
Department of Health and Human Services									
Passed through the Saginaw Intermediate School District									
Medicaid Outreach	93.778		13,506	-	-	13,506	13,506	-	-
Medicaid Transportation			672	-	-	672	514	-	158
				-		14,178	14,020	-	158
Total Federal Programs				\$ 402,953		\$ 2,091,359	\$ 2,140,429	\$ -	\$ 353,883

See Accompanying Notes to Schedule of Expenditures of Federal Awards



**Bridgeport-Spaulding Community School District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2007**

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1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2007.
3. The federal amounts reported on the Forms R-7120 "Grant Sections Auditors' Report" and "Grant Auditor Report" are in agreement with the Schedule of Expenditures of Federal Awards, except for the following awards:

		Receipts per R-7120 and GAR	Receipts per Schedule	Difference	
0715300607	Title I	\$ 559,148	\$ 478,640	\$ 80,508	1
0718900607	Migrant	42,852	35,624	7,228	1
07211021ST03-039	21st Century Community Learning	160,592	153,308	7,284	1
0742900607	Technology Literacy Challenge	6,971	6,660	311	1
0705200607	Improving Teacher Quality	<u>191,230</u>	<u>177,424</u>	<u>13,806</u>	<u>1</u>
		<u>\$ 960,793</u>	<u>\$ 851,656</u>	<u>\$ 109,137</u>	

The differences above are due to the following reason: (1) payment was shown per the R-7120 and Grant Auditors Report; however, the district received the amount after year end.

4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.

**Bridgeport-Spaulding Community School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2007**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiencies identified that are not considered to be a material weakness? \_\_\_\_\_ yes        X   none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes        X   no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
-----------------------	---

10.553 and 10.555	Nutrition Cluster
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Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no

**Bridgeport-Spaulding Community School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2007**  
**(continued)**

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**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards for the year ended June 30, 2007.

**SECTION III - FEDERAL AWARD FINDINGS**

There were no audit findings or questioned costs for Federal Awards for the year ended June 30, 2007.

**Bridgeport-Spaulding Community School District**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2007**

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**SECTION IV – PRIOR AUDIT FINDINGS**

**Finding 06-1** – The School District did not meet Office of Management and Budget Circular A-87's requirement that when an employee is co-funded that written schedules be prepared at least monthly, be signed, and dated by the employee and account for the person's total activity. In the current year, the School District implemented the requirement for all Title I funded employees.